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FOREIGN SERVICE DESPATCH

FROM : American Embassy, TAIPEI

TO : THE DEPARTMENT OF STATE, WASHINGTON

REF :

67	ACTION	DEPT.
For Dept.	FE-4	IN
Use Only	REC'D	OTHER
12/29	019-10	4519-10 DSD-4
		PR-37-4 PR-40-3

SUBJECT: Conversation with Acting Secretary-General of the Kuomintang.

The memorandum of a recent conversation between the reporting officer and Mr. Tang Tsung, Acting Secretary-General of the Kuomintang is forwarded as an enclosure to this despatch.

Joseph A. Yager

Joseph A. Yager
Chargé d'Affaires ad interim

Enclosure: *[initials]*

Copy of Memorandum of
Conversation dated
December 15, 1959.

Action Assigned to *ca/181*

Action Taken *init*

Date of Action *1/1/60*

Action Office Symbol *AMP*

Name of Officer *AMP*

Direction to DC/R *File*

DEPARTMENT OF STATE

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Desp. No. 325
From Taipei

MEMORANDUM OF CONVERSATION

PARTICIPANTS: Mr. Tang Tsung, Acting Secretary-General of the Central Committee of the Kuomintang
Mr. Edward H. C. Tang, Adviser, Ministry of Interior
Mr. Joseph A. Yager, Charge d'Affaires ad interim

DATE : December 15, 1959

PLACE : Chinese Women's Club

Several weeks ago in the course of the conversation reported under cover of Embassy Despatch No. 265, November 19, 1959, Mr. Edward H. C. Tang suggested that he arrange a luncheon at which I could have a private conversation with Mr. Tang Tsung, Acting Secretary-General of the Kuomintang. Mr. Edward Tang explained that he had become very well acquainted with Mr. Tang Tsung when he had worked on the commission charged with simplifying administrative procedures in the Provincial Government which Mr. Tang Tsung had headed. Following up on his suggestion, Mr. Edward Tang invited Mr. Tang Tsung and me to lunch at the Chinese Women's Club today. Mr. Edward Tang acted as interpreter.

Before lunch, the conversation consisted largely of an exchange of pleasantries concerning the question of which of our two governments was in greatest need of improved procedures. In the course of this exchange, Mr. Tang revealed that he is on the point of doing for the Kuomintang what he has already done for the Provincial Government in this field.

During lunch, the conversation took a more serious turn. Mr. Tang Tsung, conforming to customary Chinese politeness, asked me for my frank views concerning deficiencies in the Chinese Government. I responded that I felt poorly qualified to answer his question and that I was in general most favorably impressed by the quality of the Chinese Government. I noted, however, that, in common with the United States Government, the Chinese Government suffered from the tendency of its medium and lower level officials to avoid responsibility as much as possible.

I then returned Mr. Tang Tsung's compliment by asking him to speak frankly on any deficiencies which he saw in the operation of American agencies on Taiwan. American agencies here function more effectively than does the Chinese. He added, however, that as I had indicated in the conversation before lunch, there were shortcomings in procedures for handling United States aid which sometimes lead to unnecessary delay and confusion.

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Mr. Tang Tsung apparently continuing in the same context, then somewhat gloomily observed that United States military aid to China had already been reduced and that he understood that economic aid would be reduced. He said that the Chinese Government was doing all that it could to solve its own problems but that its resources simply are not sufficient.

I responded by stating that I would like to speak frankly and unofficially. With respect to military aid, I said that I did not believe that the United States would hold military aid to so low a level as to leave its allies with virtually useless obsolete forces some years from now. I therefore was not pessimistic concerning the long-run future of military aid. For the immediate future, I said the problem seems to be one of re-examining the role of Chinese armed forces in order to adjust those forces to an evolving situation.

Mr. Tang Tsung apparently read into this last observation an implication that the Chinese armed forces should be reduced in size. In any case, he remarked that there were two reasons for the failure of the Chinese Government to reduce force levels to any great extent. First, he said there is no guarantee that the Communists will not attack Taiwan. Second, he said the problem of taking care of retired servicemen from the mainland has not been solved. He noted that with the completion of the East-West Highway a large group of retired servicemen released sometime ago would still lack a permanent means of livelihood.

I replied that any Communist guarantee was worthless and therefore irrelevant. I noted, however, that some military men believe that some reduction in the size of the Chinese armed forces is possible without endangering the military security of Taiwan. I also conceded the importance of the retired servicemen problem and expressed my personal regret that the RETSER program had been terminated owing to a commitment made by ICA/Washington to Congress. I said that in my opinion the proper approach is to determine on military grounds the minimum forces required for the defense of Taiwan. A program could then be adopted of reducing forces to this level and absorbing into the economy the mainland soldiers released in the course of the reduction. Mr. Tang Tsung said that

He noted that he had told General Peng that the issue of the Chinese Communist "guarantee" was beside the point. The problem of taking care of retired servicemen, however, remained unsolved and probably could be solved, he said, only by a general expansion in the economy; particularly in the industrial field.

On the question of economic aid, I told Mr. Tang Tsung that during his recent visit, Mr. Leonard J. Saccio, Deputy Director of ICA, had indicated in very general terms to the Vice President and the Minister of Finance that the United States Government would

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sympathetically to any new economic ideas which the Chinese Government might wish to bring forward. I then described in somewhat greater detail the general trend of thinking in Washington concerning the future of economic aid and impressed upon him the opportunity that now appears to exist for a new Sino-American effort in the field of economic development.

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